



# Public Service Commission of Wisconsin

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## New Environmental Funding Plan Approved

MADISON – Today, the Public Service Commission (PSC) verbally approved a new financing method, called environmental trust financing, which Wisconsin Electric Power Company (WEPCO) may use to pay for environmental improvements and reducing emissions at their power plants.

“This new approach will save ratepayers a significant amount of money through lower financing costs and allow WEPCO to reduce pollution,” said PSC Chairperson Burnie Bridge. “This is a positive step towards financing environmental controls at the lowest cost for consumers in our state.”

2003 Wisconsin Act 152 allows utilities, such as WEPCO, to finance the cost of various environmental control activities with the proceeds of environmental trust bonds, if it receives Commission approval. The bonds are secured through rates collected from the utility’s customers.

WEPCO applied to finance environmental improvements and pollution reductions costing almost \$500 million. The Commission approved approximately \$450 million, requiring that WEPCO achieve a triple A bond rating when securing its financing and that a financial advisor will be retained by the Commission during this process.

“With the amount of money that WEPCO is asking for environmental improvements, we want to ensure we’ve found the cheapest way to go,” said Commissioner Bert Garvin. “The ETF method gives ratepayers a substantial reduction in financing costs compared to traditional methods.”

Commissioner Mark Meyer said, “This innovative financing mechanism will fund environmental projects to reduce pollution and keep our air and water clean, while also saving ratepayers money. It’s a clear win/win situation for ratepayers and everyone concerned about the environment.”

WEPCO’s proposal says it will use the bonds to fund the following environmental control activities:

- Nitrogen oxide abatement at Pleasant Prairie Power Plant Unit 2
- Pleasant Prairie Power Plant environmental work to install emissions control equipment
- The nation’s first full-scale test of the TOXECON™ process which will significantly reduce mercury emissions at Presque Isle 7, 8 and 9
- Retire the older coal-fired power plants at Port Washington Generating Station
- Install an emissions monitoring system on a number of its coal-fired generating units, including Presque Isle Power Plant Unit 5 and Unit 6

WEPCO needs to secure its financing as the next step in this process. Consumers will most likely see these new charges on their energy bill in the first part of 2005.

A technical hearing was held on September 1, 2004, at the Public Service Commission in Madison regarding the application. In addition, public hearings were held September 7<sup>th</sup> in Port Washington. The testimony provided at the hearings became part of the record developed for the Commission to review as it considered all the aspects of the application.

PSC staff is expected to complete the written order of the Commission's finalized decisions by October 12<sup>th</sup>. Chairperson Bridge says the Commission will monitor the progress of this financing package to ensure WEPCO raises funds at the lowest cost possible, which is required by the new state law.

The documents associated with WEPCO's application can be viewed on our Electronic Repository System at <http://psc.wi.gov>. Click on ERF System, select Search Electronic Repository System and enter docket #6630-ET-100.

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